

Losing on the facts AT&T turns to smears

To Federal Communications Commission Chairman Julius Genachowski, Commissioners Michael Copps, Mignon Clyburn and Robert McDowell,

A cornered animal is a dangerous thing. It will scratch. It will bite. It will lash out desperately in any direction to escape its predicament. And so it is that AT&T swings wildly as its \$39 billion bid for T-Mobile unravels. AT&T's deception about the need to take over T-Mobile is now in the public realm for good, exposed by its own accidental publication of an unredacted internal document on the Federal Communications Commission website. That document showed that AT&T could bring the fastest wireless service to the whole country on its own -- and for a tenth of the price it would pay to take over T-Mobile.

This isn't the first gaping hole to appear in AT&T's case. The company is already on its third "new model" explaining the benefits of the deal, because the FCC found the first two so lacking. And despite AT&T's transparent attempts to spin the Beltway press, key members of Congress and more and more consumers are pushing the FCC and the Department of Justice to reject the merger bid because of its obvious harms to competition, jobs and our wallets.

AT&T's response is not to come up with better arguments and better data that prove the merit of its claims. AT&T is instead smearing Free Press because we had the audacity to point out that AT&T's own data actually contradict its claims.

We are labeled "extremists" in their eyes because we didn't take their word for it. But let's be absolutely clear about something: There is nothing "extreme" about fact checking.

Let's take a look at the facts and see what AT&T wants to cover up with its smears.

AT&T has ginned up support -- among governors, members of Congress, cowboys and hot air balloon enthusiasts -- for its takeover of T-Mobile. The premise of this support? That 55 million Americans will never see next-generation mobile broadband service unless the government approves this deal.

We've been saying all along this is patently false, because every one of those rural Americans will be served with Verizon's 4G service by 2013; that AT&T already plans to serve them with its slightly slower 4G service by 2012; and that without the merger, AT&T would have to make a relatively minimal investment to upgrade those areas to the latest 4G technology, lest it cede too much competitive ground to Verizon.

Well, now all those supporters have something that should make them reconsider their justification for this anti-competitive and job-killing deal. Press reports have exposed how AT&T's own filings with the FCC show that covering these 55 million Americans would cost at most \$3.8 billion, or a 90-percent

discount off the price tag of this merger.

In response to this damning news, AT&T rolled out a few of its own Baghdad Bobs to tell reporters, "Move along, nothing to see here." That didn't work, so now AT&T has turned to lying about what its original letter said and responding to Free Press and other critics with a schoolyard-style "nuh-uh" response.

However, this plan won't work if the fourth estate continues to examine the cracks in the wall that AT&T itself created.

Some reporters will be content to play AT&T's smear campaign as a he said/she said between the company and Free Press, despite the fact that it's not our word against theirs -- it's their word against theirs. Others, hopefully, will look behind AT&T's bluster and see that AT&T isn't arguing the merits because the facts hurt its case.

So for muckrakers, stringers, reporters and bloggers (or federal regulators or Congress members) who want to put AT&T's ministers of truth on the record about the facts rather than name-calling, here are five lines of questioning you might pursue:

1. AT&T, why is a \$39 billion takeover necessary, when a \$3.8 billion investment in your network would allow you to expand broadband service on your own? If the unredacted document is "consistent with [your] public statements," why was it kept confidential and taken out of the record after it was made public?
2. AT&T, you've promised to build your 4G LTE service to 97 percent of Americans by 2018 if the merger is approved. But if the merger is nixed, what will your LTE network look like in 2018? Can you afford to have Verizon zoom ahead of you with its promise of full nationwide advanced LTE coverage by 2013, attacking you with more embarrassing "there's a map for that" advertisements?
3. AT&T, the \$3.8 billion you are now saying was too costly amounts to about half a billion dollars a year in extra investment needed between now and 2018, the year you are promising to finish building LTE to 97 percent of the country. Last year, you spent about \$10 billion on wireless capital investments, and you brought in nearly \$60 billion in revenues and \$16 billion in wireless profits. Is increasing your investment by 5 percent really too much to justify, even given the "marketing and competitive benefits of doing so"?
4. AT&T, you proposed this merger to T-Mobile's parent company on January 15. Press reports say this bid occurred right around the time when management rejected your own team's plan to build out LTE to 97 percent of the country. Did you "reject" this proposal because it was too expensive, or did

the knowledge that you were about to attempt a previously unthinkable merger, one where you would need a good carrot to hold out for political support, factor into your decision not to build out on your own?

5. What are your actual plans for jobs should this merger go through? You've said there are no current plans to cut the workforce, but your pitch to investors says you'll save \$10 billion in "synergies." Why won't you reveal your specific plans for T-Mobile workers?

Most giants think they can get away with just about anything, because they usually do. When they fail, it's often because a reporter or two keeps pushing and makes hay out of unforced errors like AT&T's inadvertent disclosure.

This kind of accountability journalism is why Free Press fights for a more diverse and better media, and hope those out there on the beat will use their access and sources to do their profession, and the public, a favor by digging further.